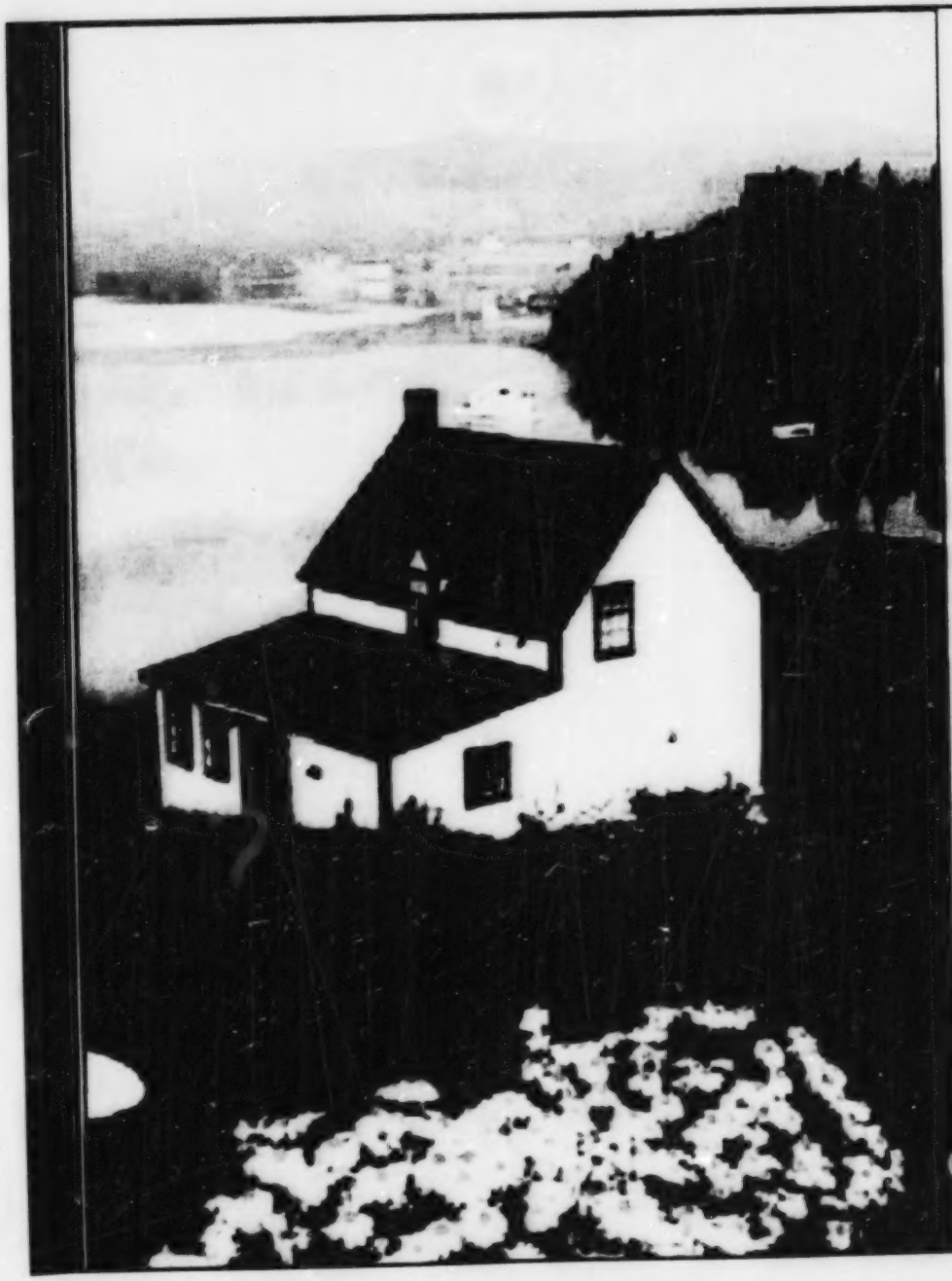


Newfoundland & Labrador

Economic Overview Presentation

Economics and Statistics Branch, Department of Finance
http://www.economics.gov.nf.ca

Updated June 12, 2002

Photo Credit: Tineke Gow, Gover House in Trinity

Forecast 2002

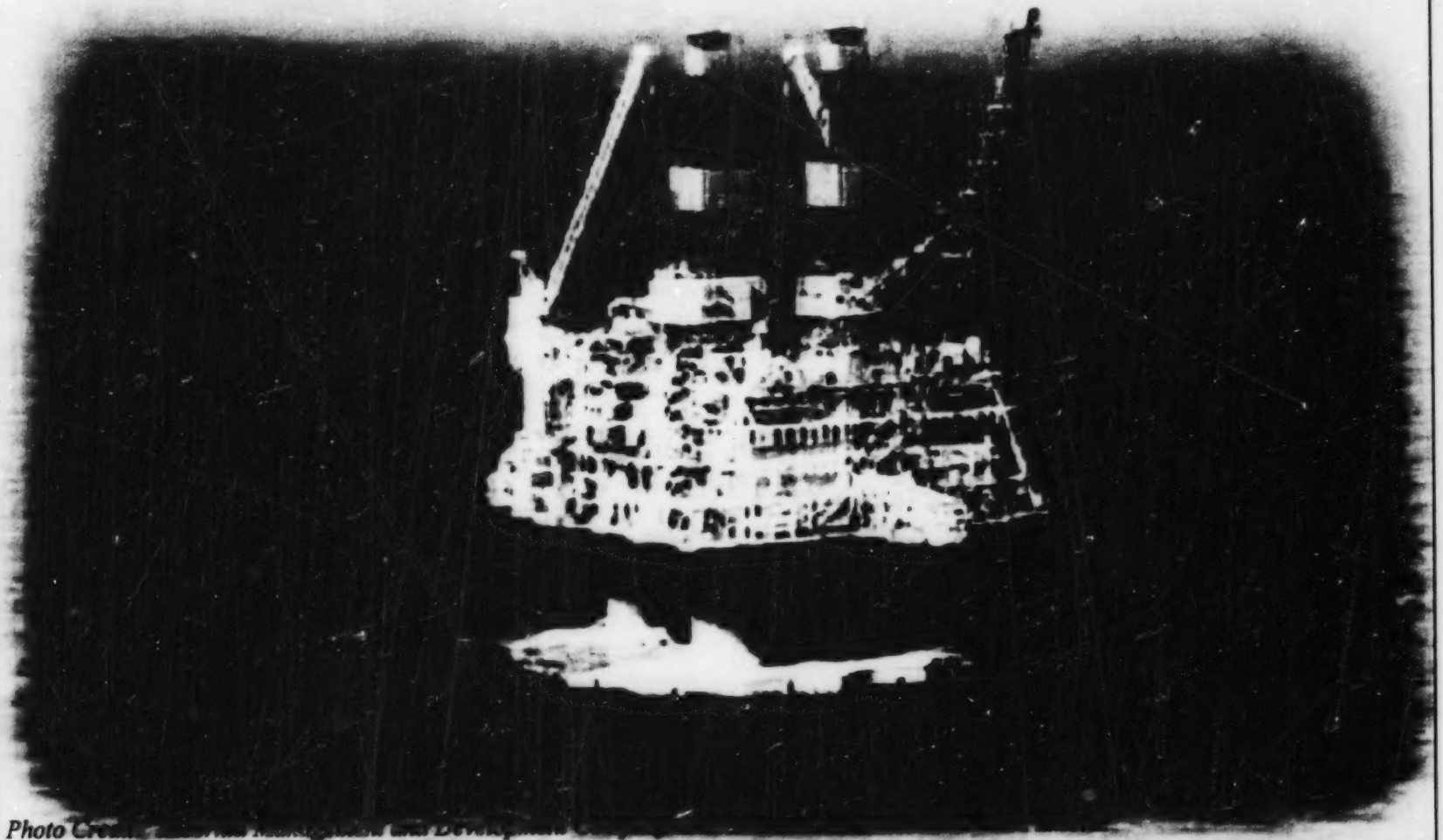
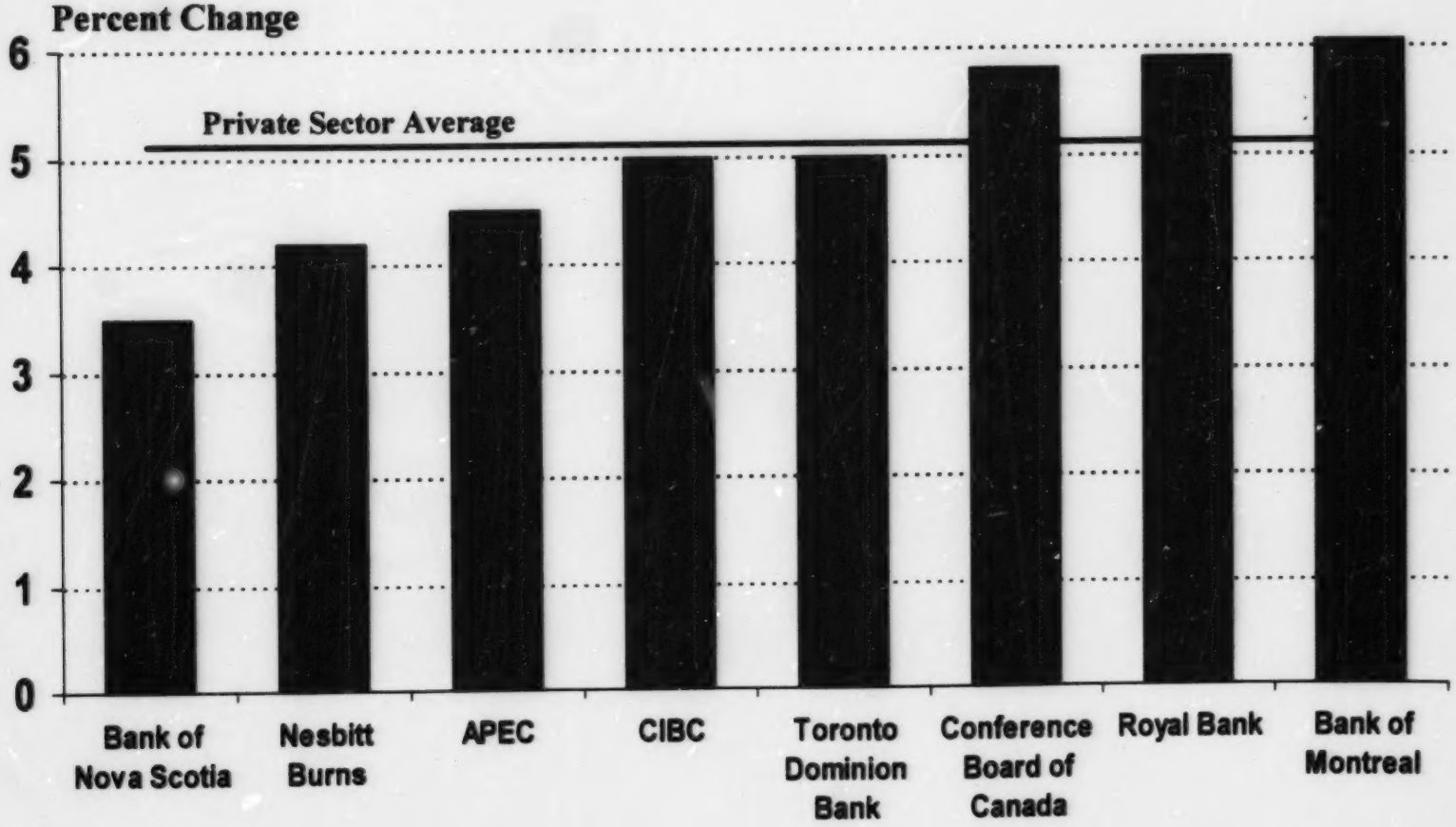


Photo Cred[illegible]

Private sector forecasters projecting strong economic growth in 2002



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Government's Economic Forecast for 2002

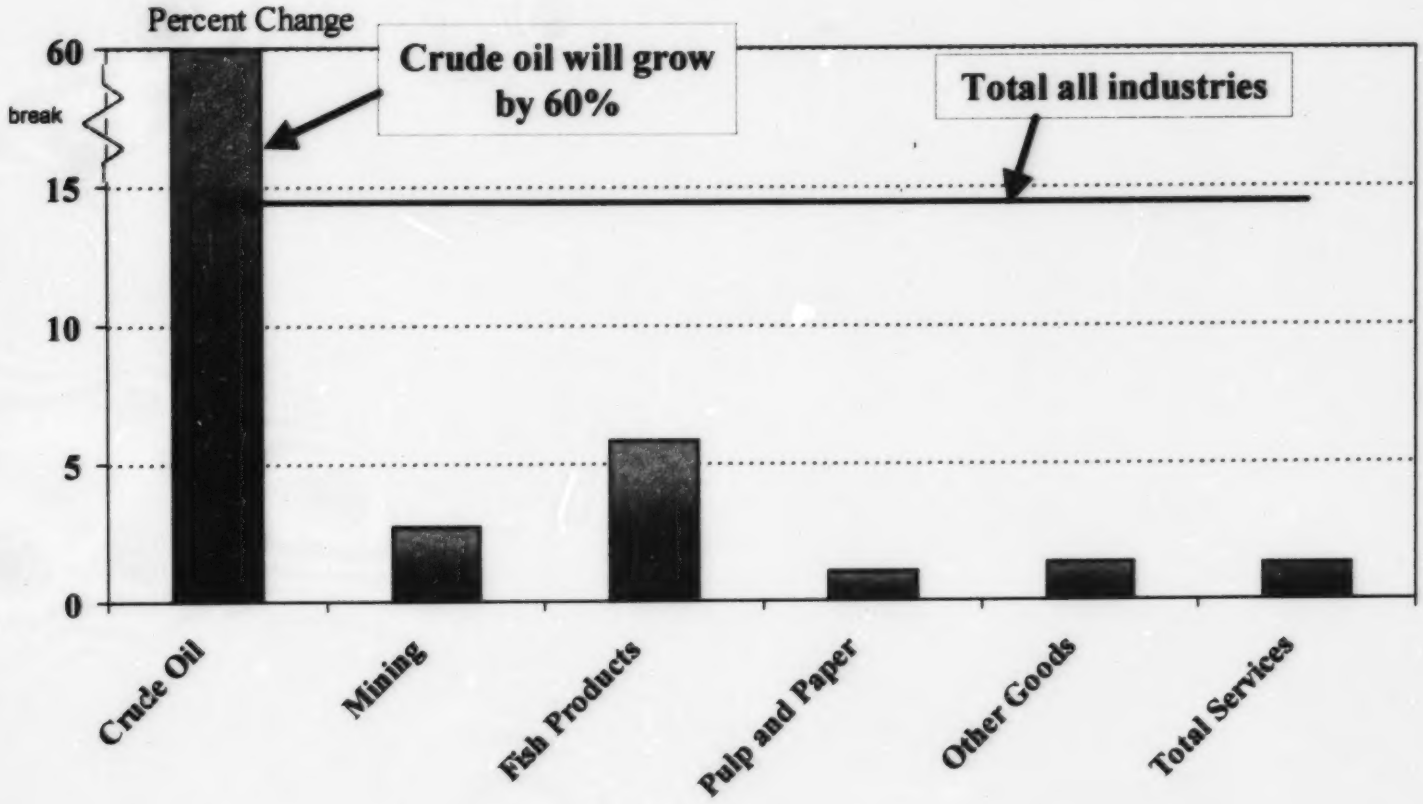
103-00294/

Nominal GDP	1.4
Real GDP	3.7
Real Exports	14.5
Employment	1.4
Real Personal Income	2.0
Real Disposable Income	1.5
Retail Sales	3.3
Unemployment Rate	15.7%
Real capital Investment	-4.0
Housing Starts	4.3
Population	-0.5

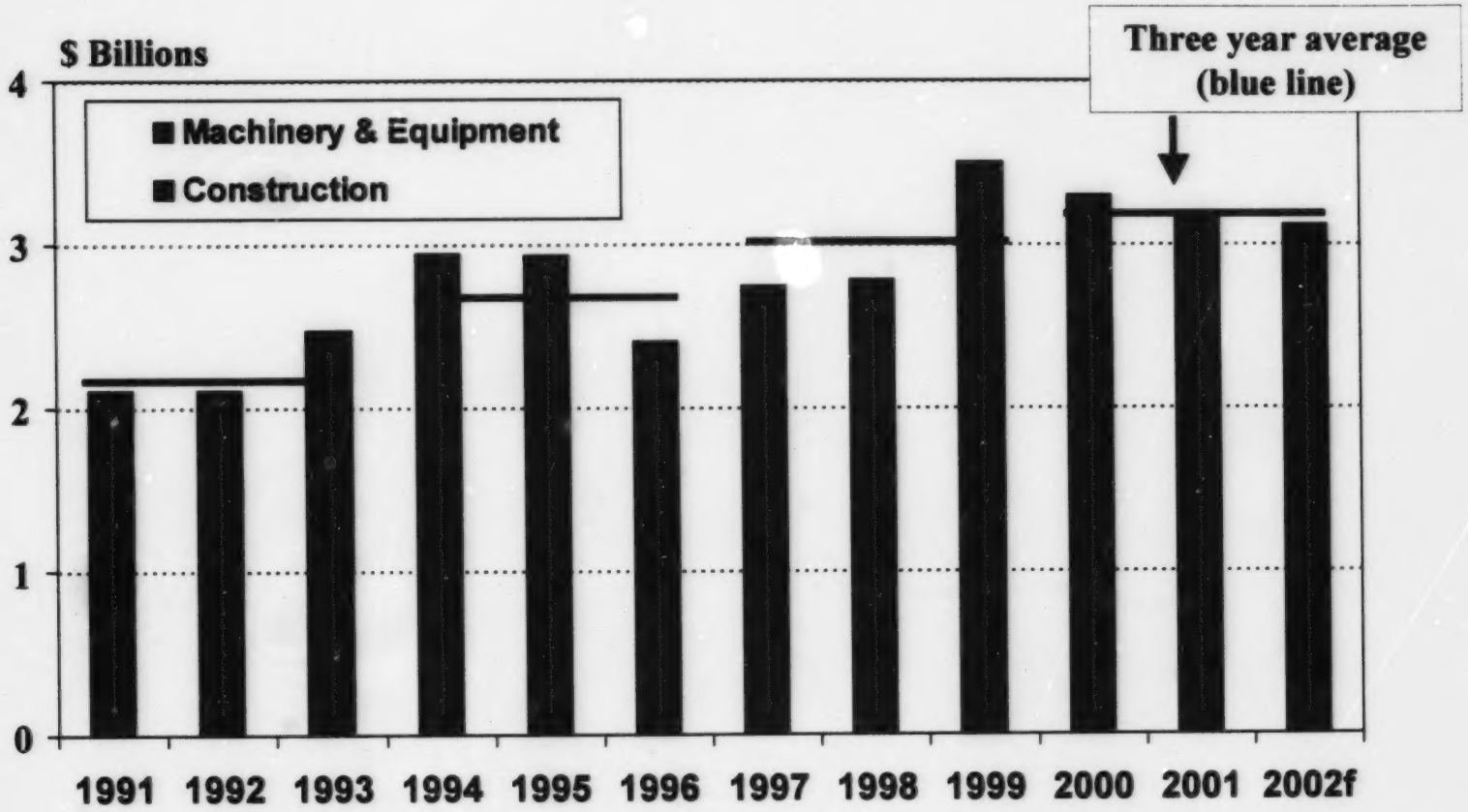
Percent change from 2001 except for unemployment rate

Economics and Statistics Branch, Department of Finance

Export growth in 2002 will be led by crude oil



Capital investment remains above $3 billion



Source: Statistics Canada

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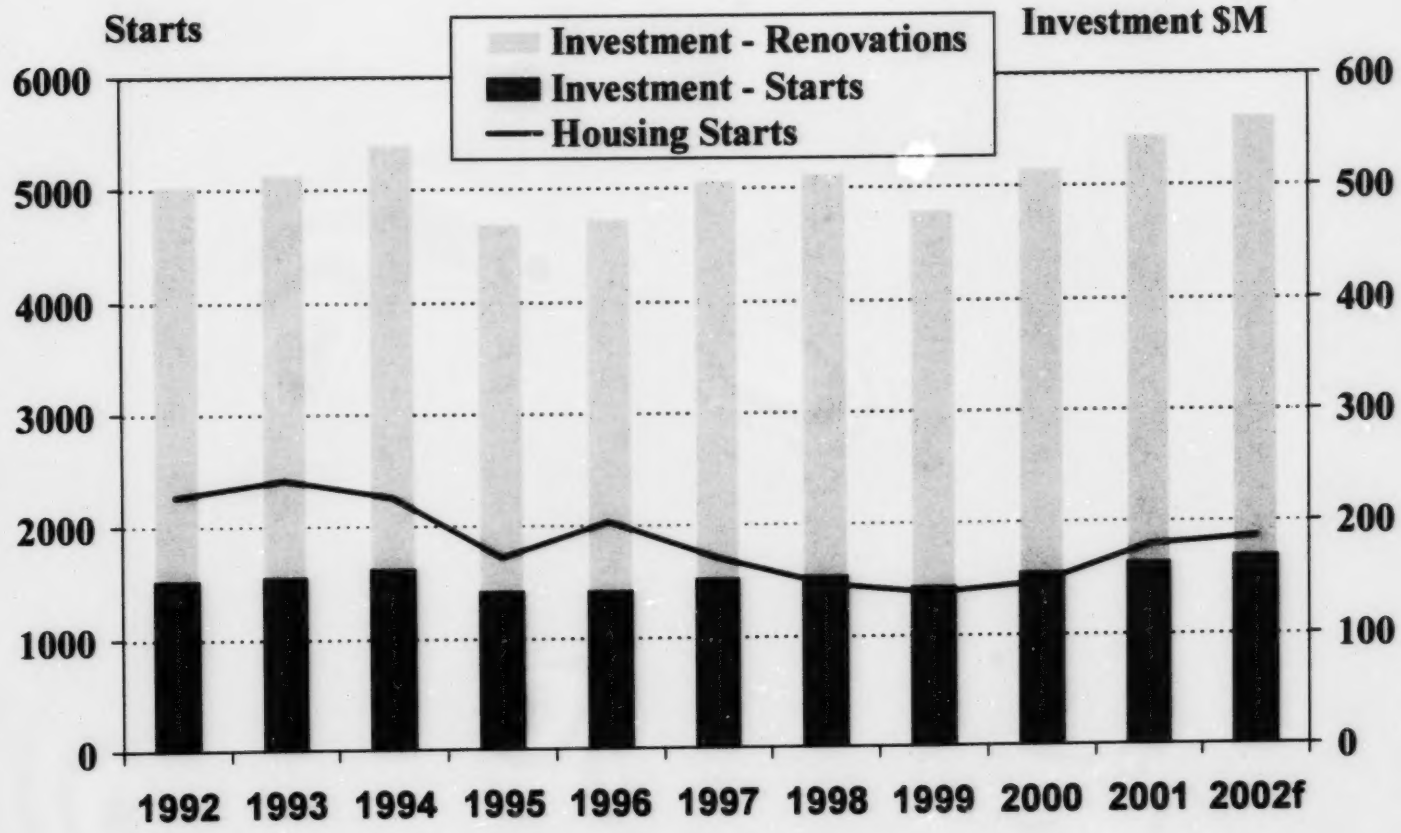
Housing investment rising



Source: Statistics Canada (Intentions for 2002)

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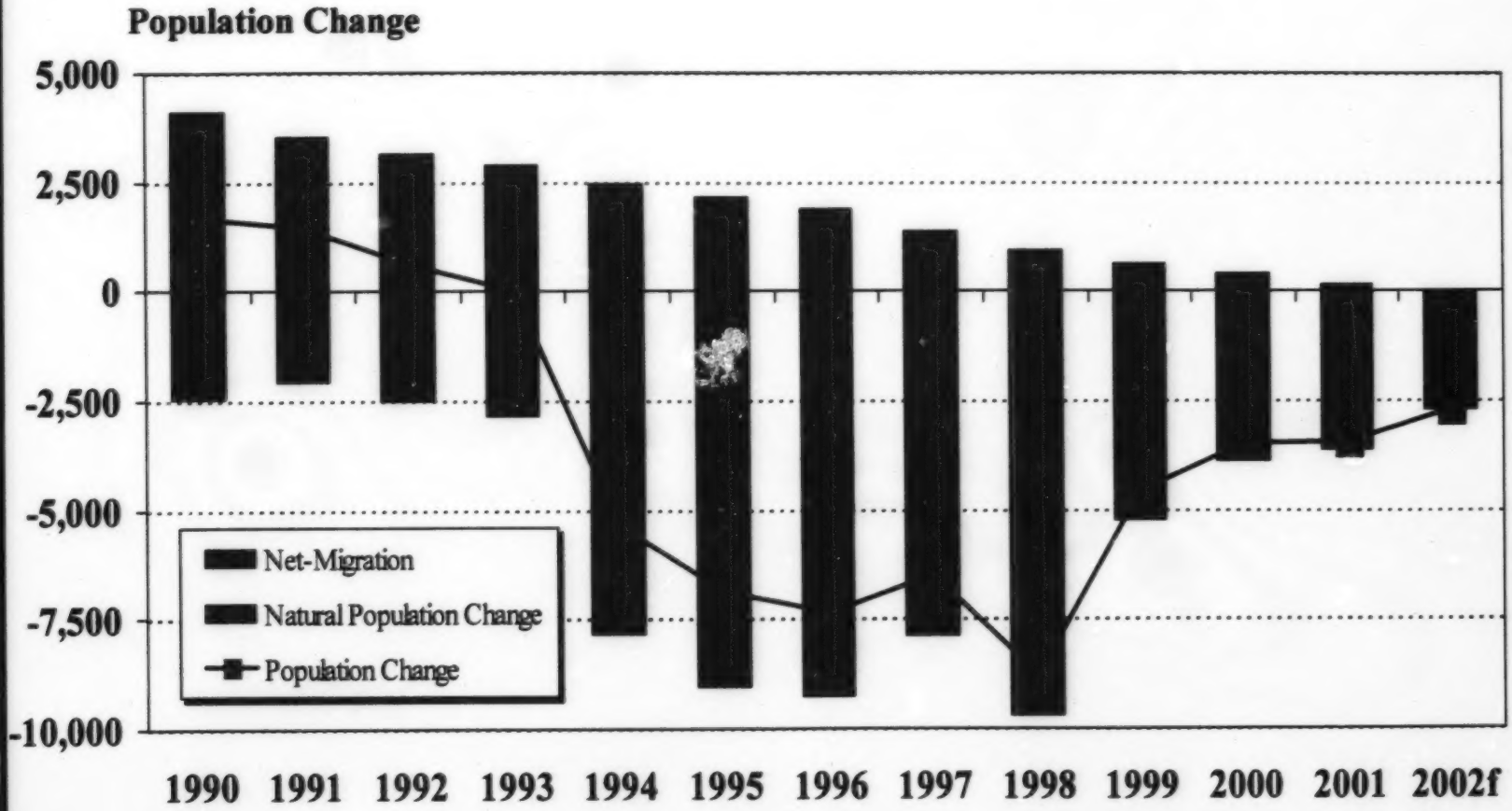
Net migration down significantly since mid-1990s



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Year-To-Date data positive

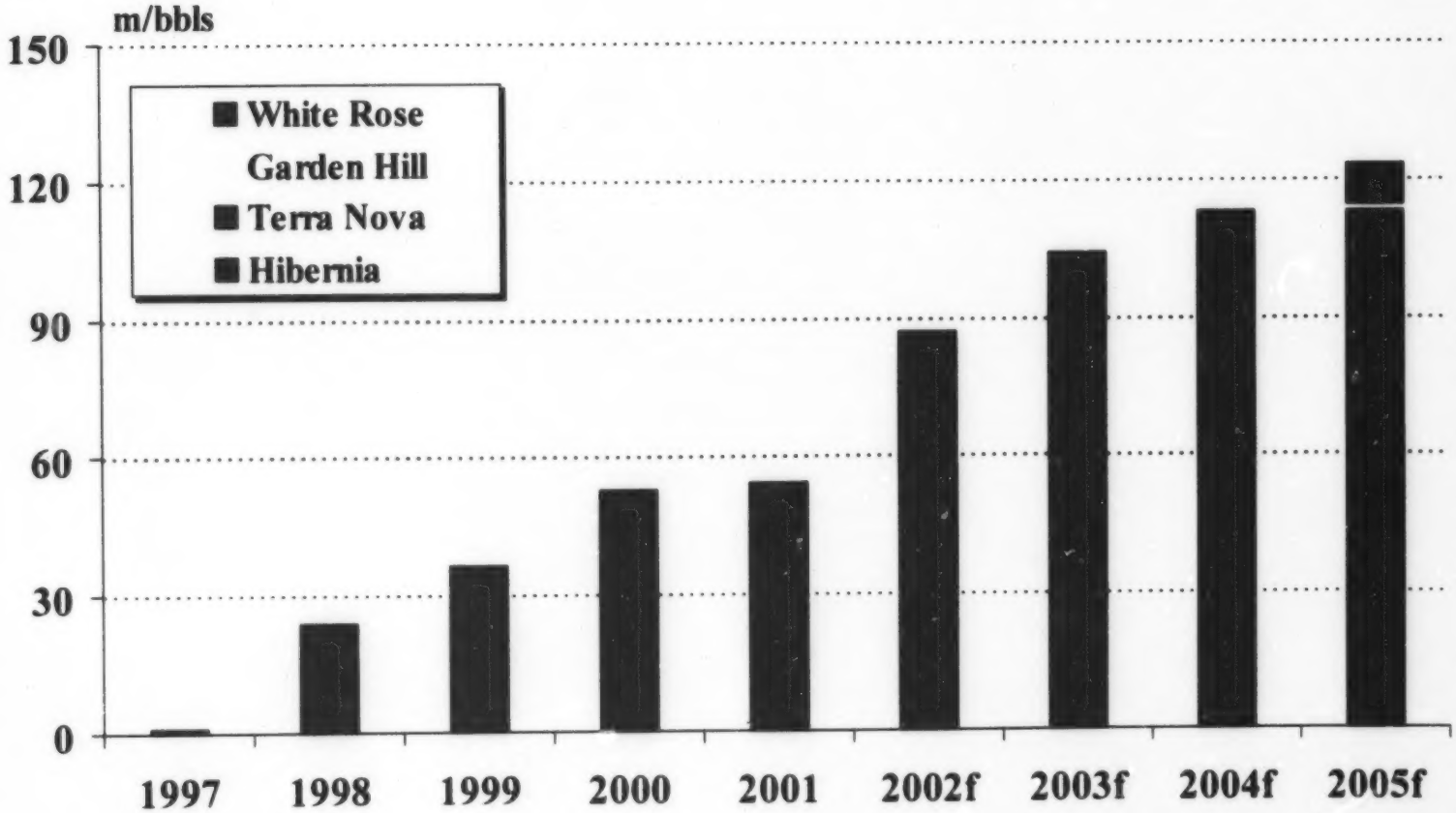
Budget 2002 and Year-to-Date

Indicator	Projected Growth	Year-to-Date Growth	
Retail Trade	3.3%	4.6%	To March
Employment	1.4%	2.6%	To April
Population	-0.5%	-0.1%	As of January
Housing Starts (1)	4.3%	102.6%	To March
Consumer Price Index	1.7%	0.8%	To April

(1) Housing starts in the first quarter of 2001 were abnormally low due to record snow levels.

Photo Credit: Department of Fisheries and Aquaculture, Fishing boats at Valleyfield, Bonavista Bay

Gains in oil production will drive export growth



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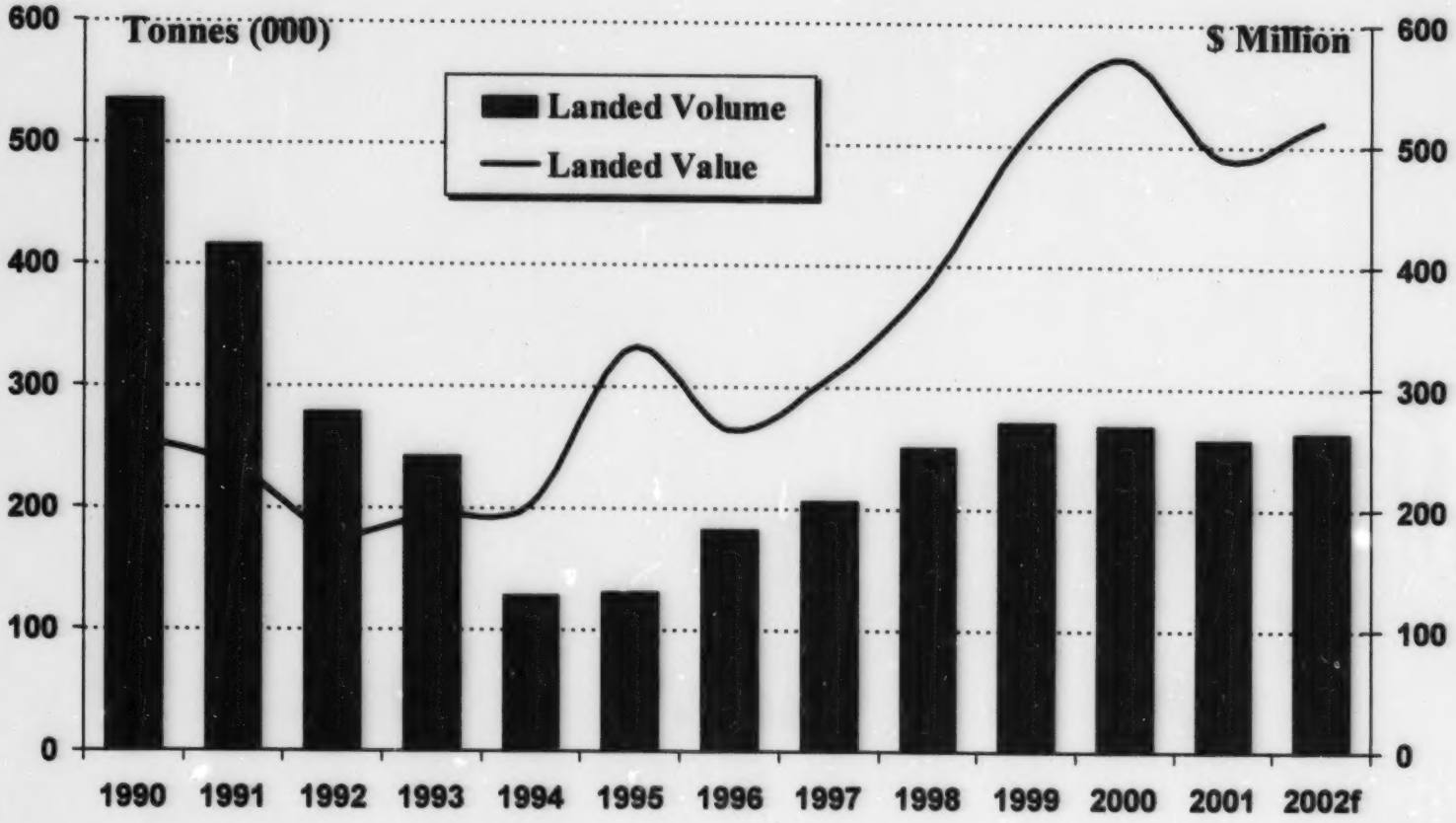
White Rose oil project moves forward

- Capital costs estimated at $2.35 billion over 4 years
- FPSO hull construction expected to begin in Q4-2002 (South Korea)
- 80% of topsides work to be completed in province
  - Marystown Shipyard – 60%
  - Other locations in province – 20%
  - Up to 600 employed at Marystown by year-end
- Employment to peak in 2003-2004
- Construction expected to be completed early 2005
- Production to begin late 2005 following on-site hook-up

Offshore oil exploration activity expanding

- About $500 million in outstanding exploration commitments
- 74% of exploration commitments on the Grand Banks since 1997 are for parcels outside Jeanne d'Arc Basin
- Several exploratory wells in 2002-2003
  - Petro-Canada: 2-3 wells, Flemish Pass
  - Husky Energy: 2 wells, near White Rose
- Laurentian Sub-Basin dispute resolved – 80% of Basin under provincial jurisdiction
  - Existing permits under re-negotiation/conversion into licences
  - Call for land sale bids possible by 2003
- Indications are that Hebron-Ben Nevis only postponed for now

Fisheries landings and landed value expected to rebound



Source: Department of Fisheries and Aquaculture

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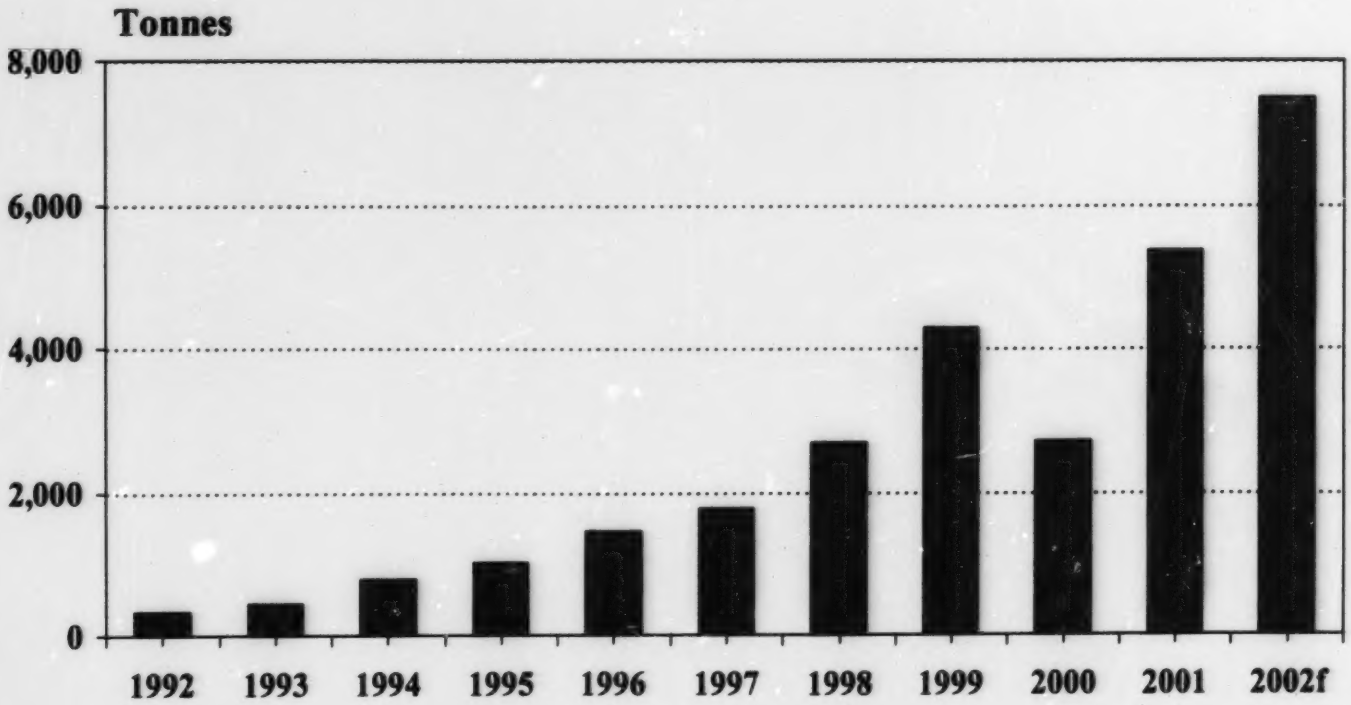
Aquaculture production to grow to 7,500 tonnes – 4 times the 1997 output



Source: Department of Fisheries and Aquaculture

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Non-resident tourist visitation over 400,000 annually

Source: Department of Tourism, Culture and Recreation

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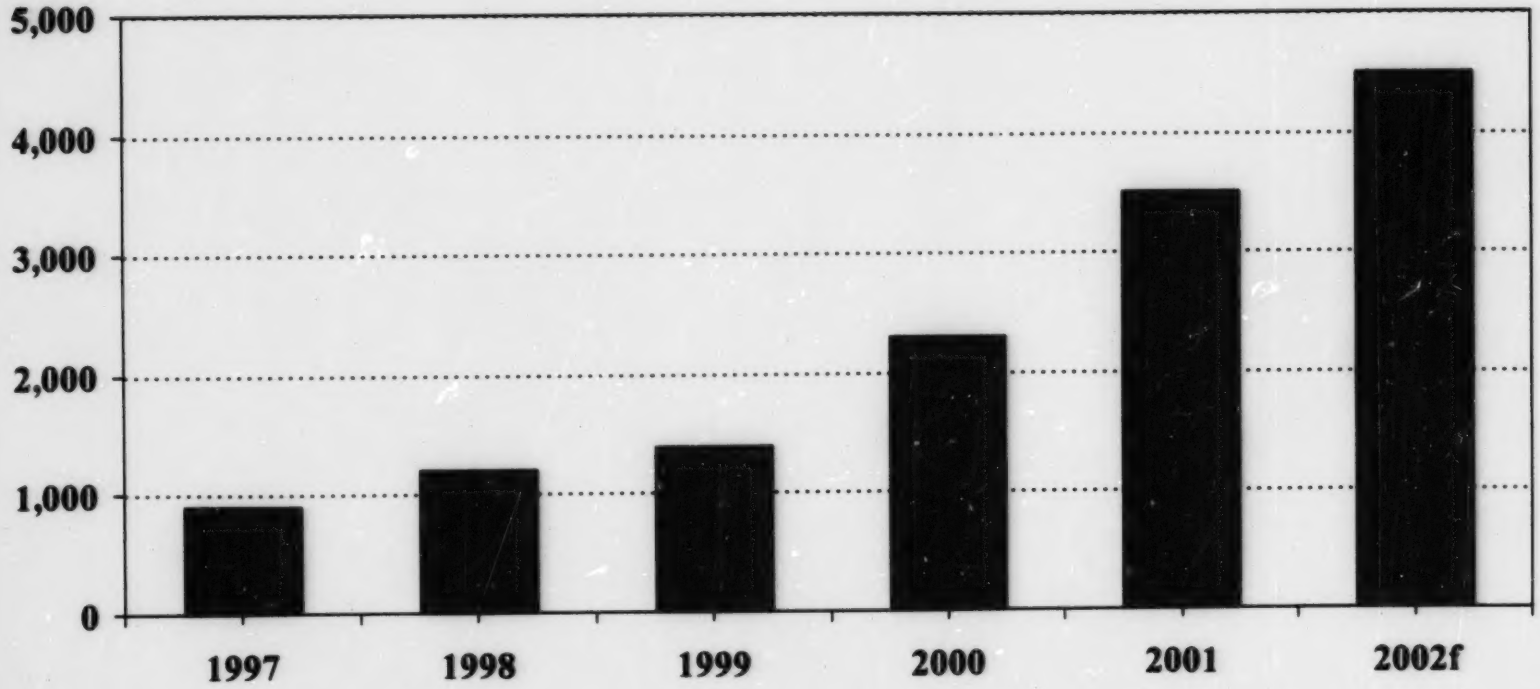
Customer contact centre employment growing



Source: Based on estimates provided by Network Newfoundland and Labrador

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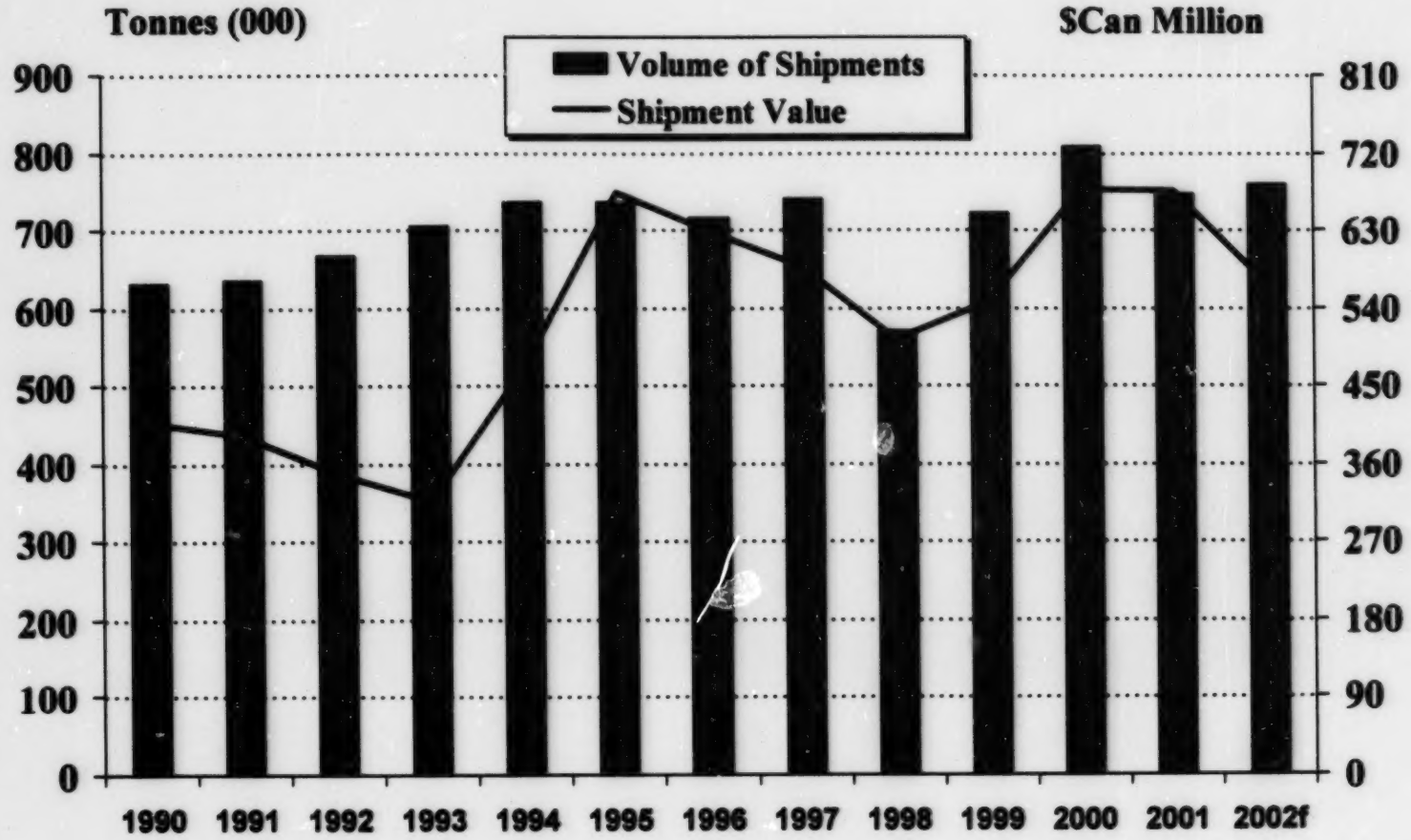
Newsprint shipments expected to grow however prices are weak



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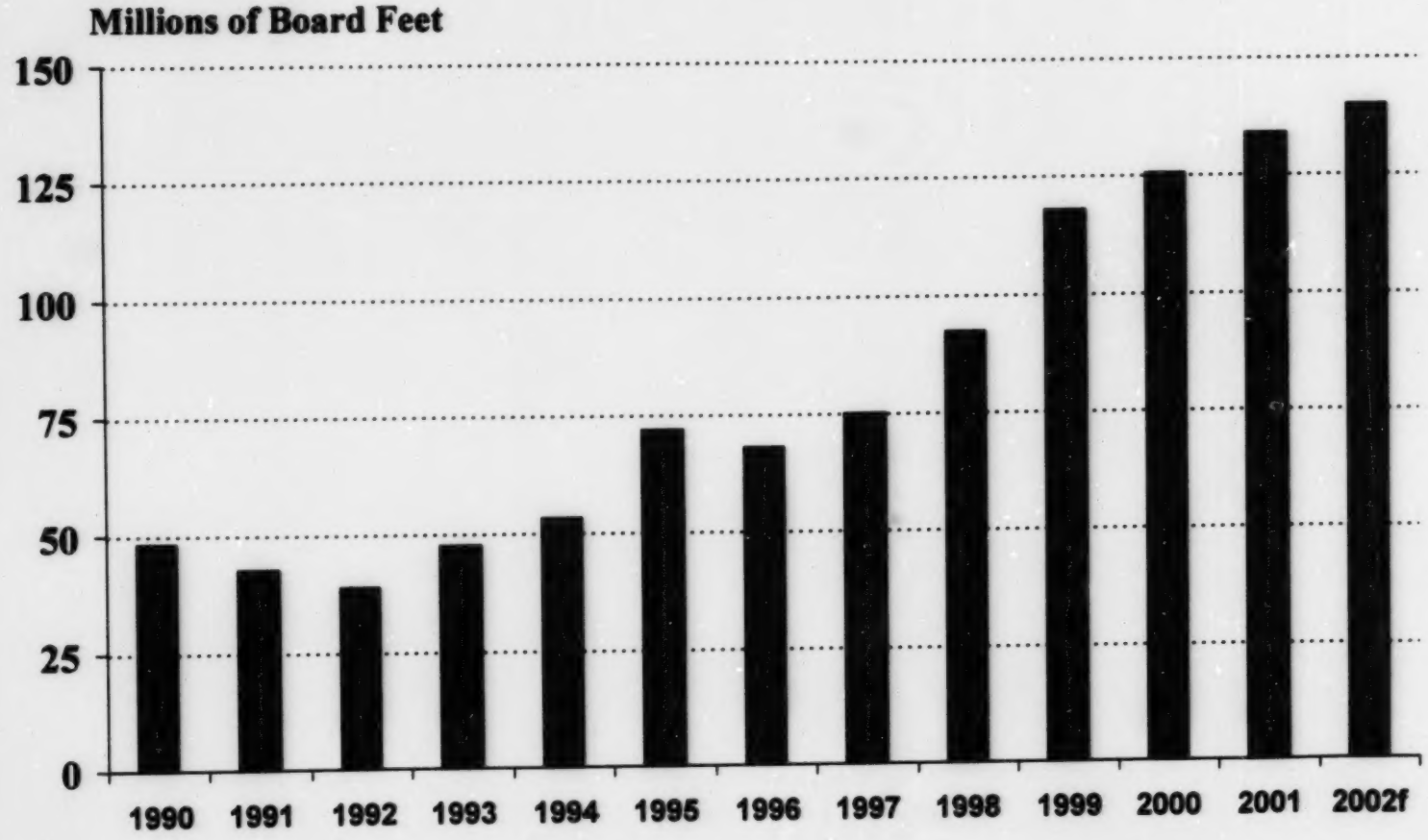
Lumber shipments also growing



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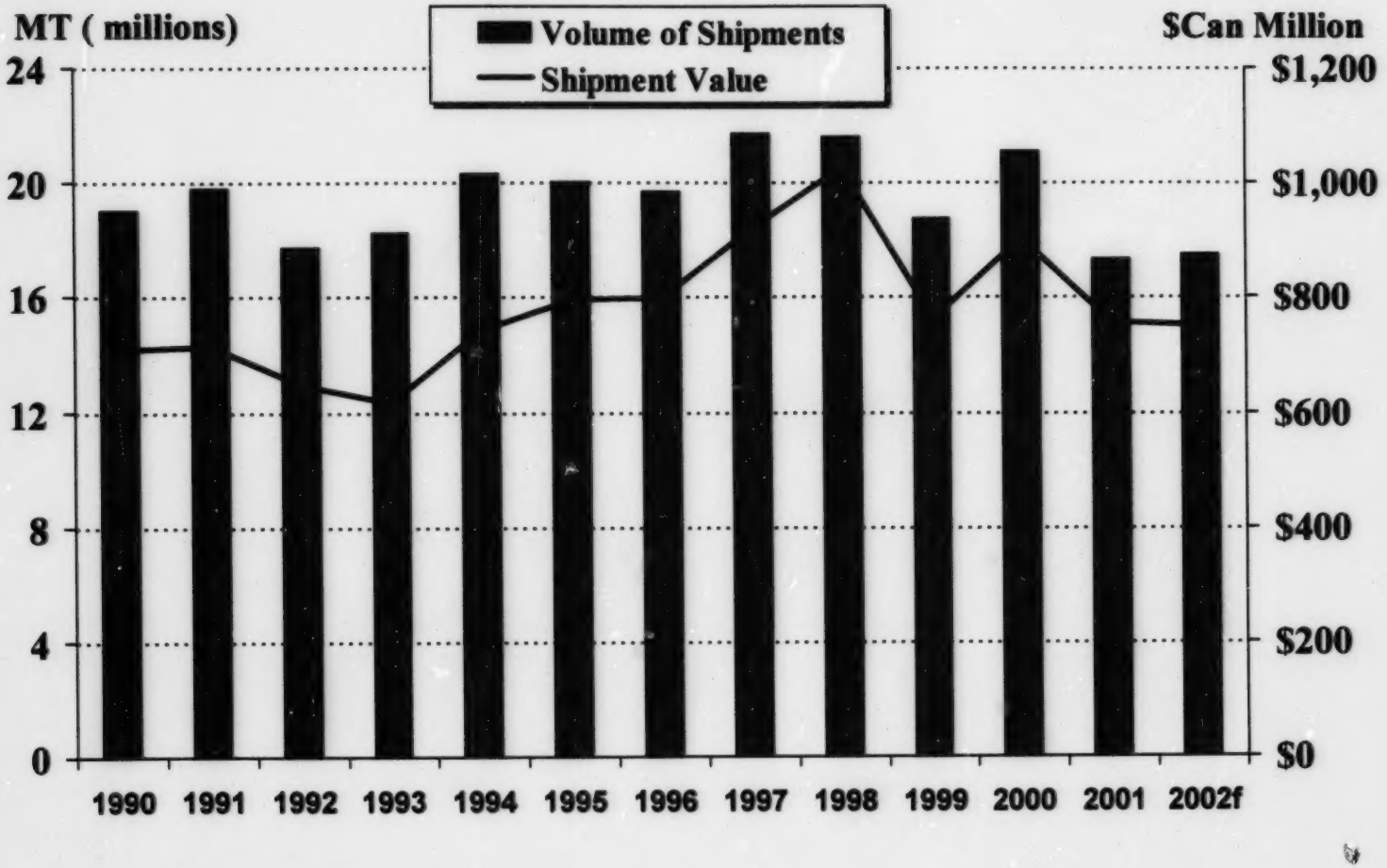
Iron ore production remains low due to weak market conditions



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Two major projects

- Voisey's Bay
  - Statement of Principles signed on June 11, 2002
  - Capital investment in province to exceed $2.9 billion over project life

- Lower Churchill Hydro Project
  - Possible partnership with Alcoa various options under discussion
  - Informal talks continuing with Hydro-Quebec

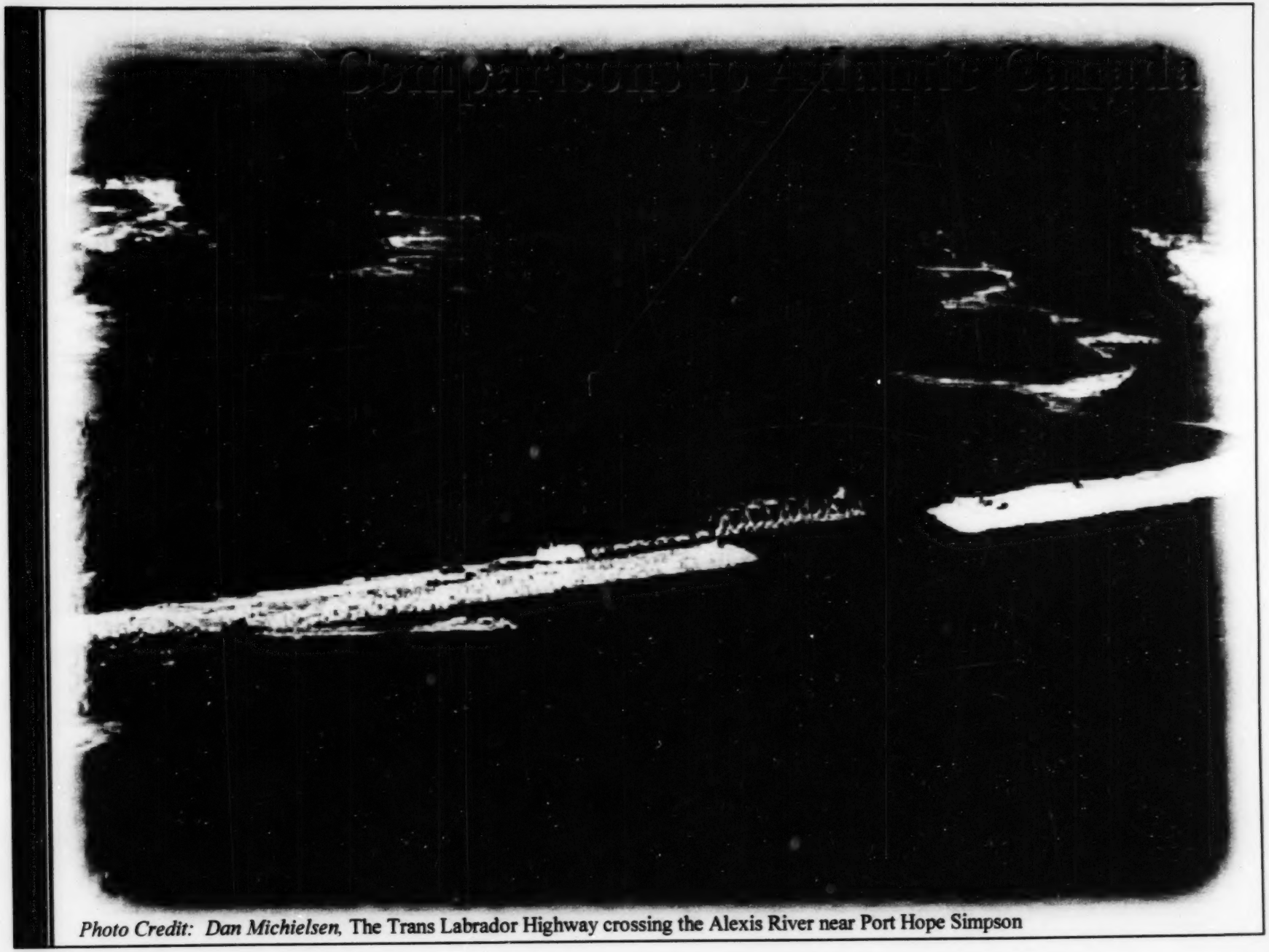


Photo Credit: Dan Michielsen, The Trans Labrador Highway crossing the Alexis River near Port Hope Simpson

Province has made significant gains in recent years

Percent Change, 1996 to 2001

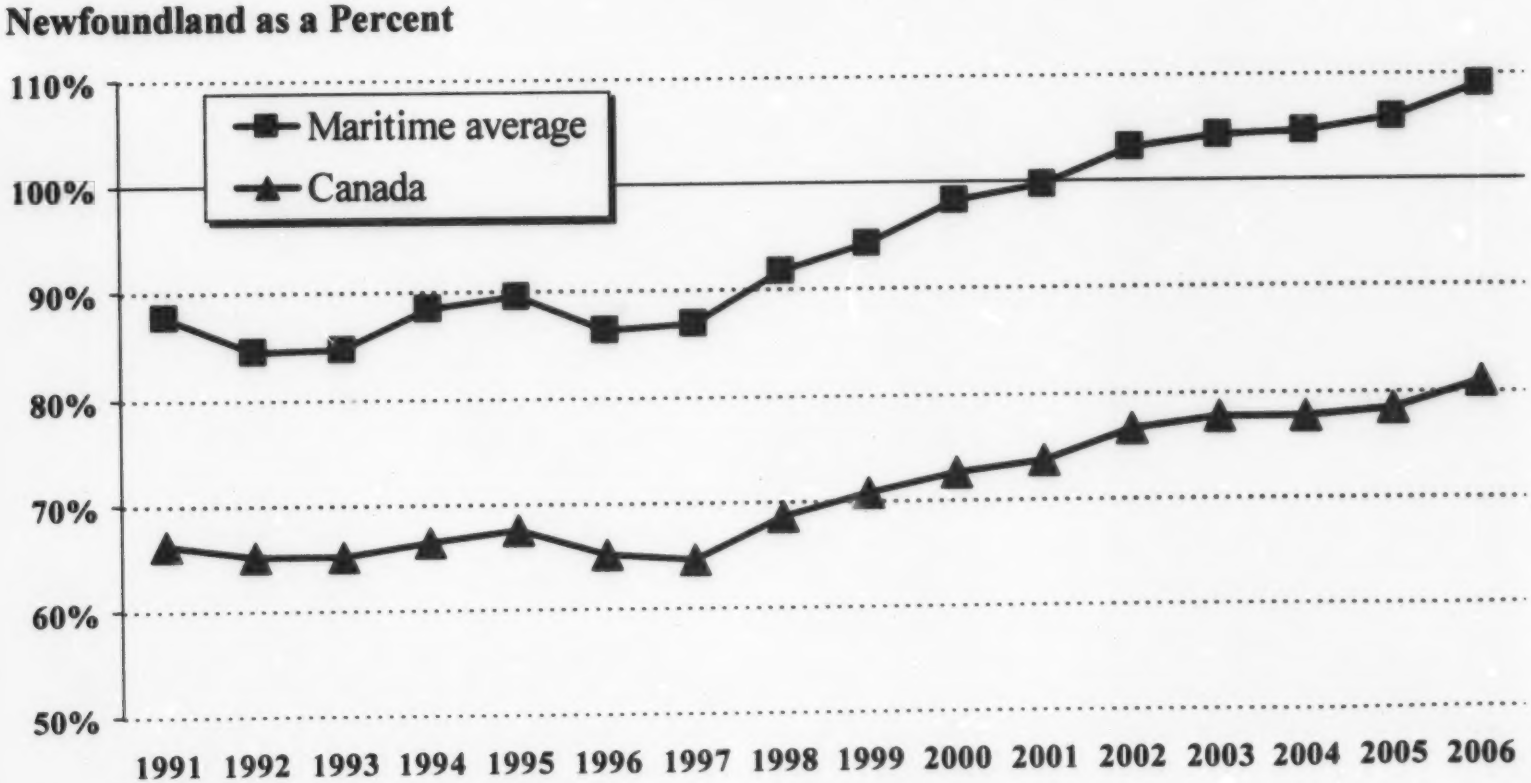
Indicator	Newfoundland	Maritimes	Canada
Real GDP	24.3%	17.1%	21.0%
Real personal income	8.3%	11.5%	14.1%
Employment	13.0%	10.8%	12.0%
Employment rate	+6.0 points	+3.8 points	+2.7 points
Unemployment rate	-3.2 points	-1.7 points	-2.4 points
Real retail sales	30.2%	19.1%	19.9%

Province expected to post strongest real GDP growth in Atlantic Canada to 2006

	2002	2003	2004	2005	2006	Total 2002-2006
Nfld	**5.8%**	**4.6%**	2.6%	**2.9%**	**5.1%**	**22.8%**
PEI	3.8%	3.6%	3.8%	2.7%	2.3%	17.4%
NS	2.6%	4.1%	2.7%	2.2%	2.4%	14.8%
NB	2.8%	4.1%	3.7%	1.9%	2.1%	15.4%
Canada	3.1%	4.4%	4.1%	3.0%	2.8%	18.6%

Source: Conference Board of Canada forecast, April 2002

Real GDP per capita will exceed that of other Atlantic provinces in 2002



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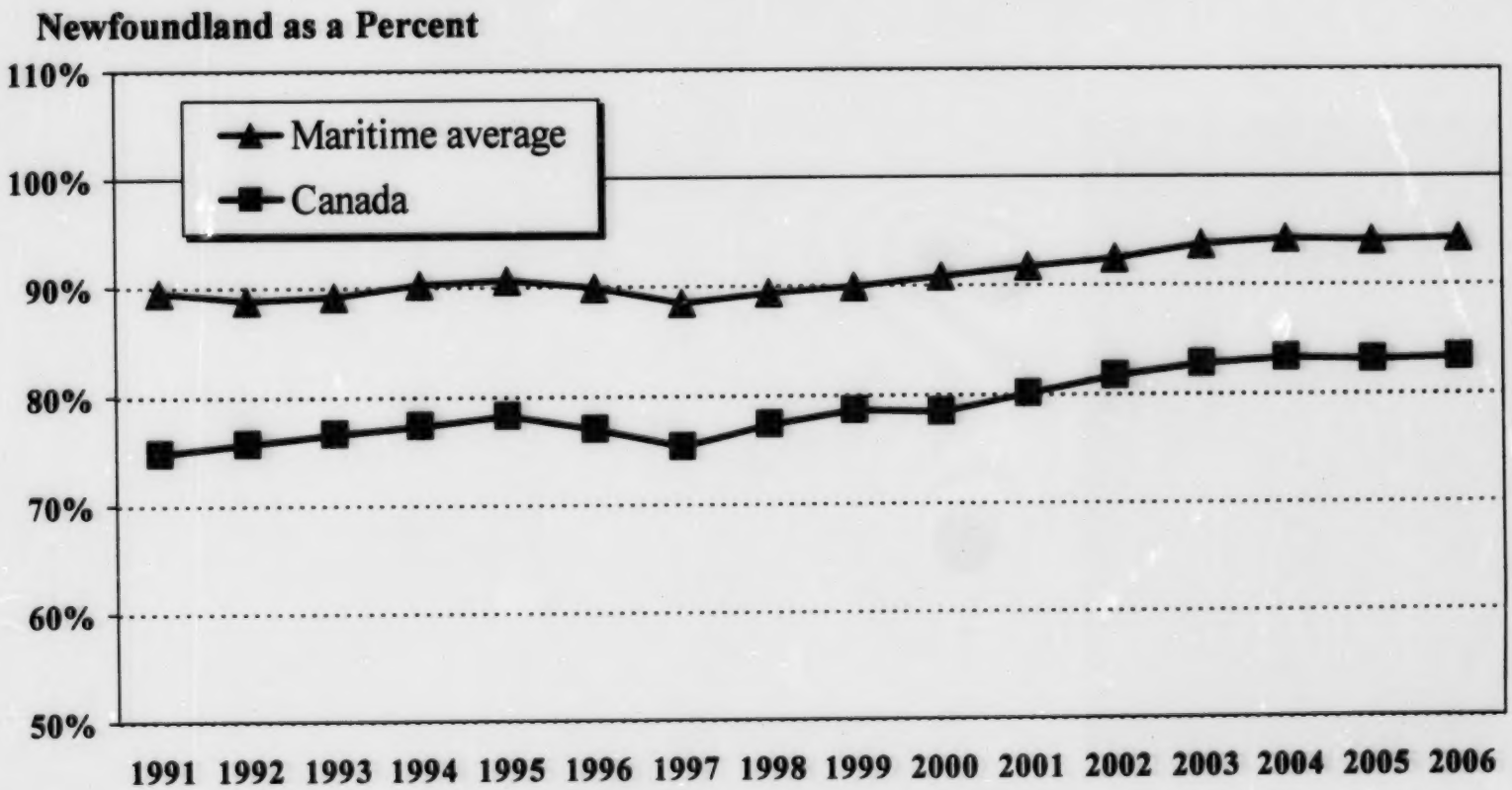
Real personal income per capita gap also closing but on a more gradual basis



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